

Message Text

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ACTION COME-00

INFO OCT-01 ARA-10 ISO-00 EB-07 /018 W
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P R 311537Z DEC 75

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC PRIORITY 3178

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

AMCONSUL SALVADOR UNN

UNCLAS SECTION 1 OF 2 RIO DE JANEIRO 4277

EO 11652: NA

TAGS: BEXP BR

SUBJ: US POLLUTION CONTROL EQUIPMENT TRADE MISSION

REF: A) STATE 288003; B) STATE 297352; C) BRAS A-10428 D) RIO A-94;
E) STATE 296382

SUMMARY. WE HAVE RECEIVED PRODUCT LITERATURE OF 10 FIRMS CITED REFS A AND B FOR TARIFF ASSESSMENT AND MARKET POTENTIAL. IN ADDITION TO IMPORT DUTIES LISTED PARA 1 BELOW, ALMOST ALL IMPORTS INTO BRAZIL ARE NOW SUBJECT TO 360 DAY PRIOR DEPOSIT AT NO INTEREST (SEE REF C AND D), WHICH INCREASES FOB COST OF IMPORTS BY 30 TO 40 PC. IMPORT DEPOSIT REQUIREMENT IS WAIVED WHEN TRANSACTION OBTAINS MINIMUM FIVE-YEAR FOREIGN FINANCING. SUCH FINANCING CAN ONLY BE REGISTERED WITH THE CENTRAL BANK IF THERE IS NO SIMILAR PRODUCT MANUFACTURED IN BRAZIL. PARA 2 BELOW GIVES OUR ASSESSMENT OF VOLUME OF PRODUCTION CURRENTLY MET BY DOMESTIC INDUSTRY IN SELECTED POLLUTION CONTROL FIELDS. PARA 3 GIVES OUR EVALUATION OF MARKETING POSSIBILITIES FOR INDIVIDUAL FIRMS. IN VIEW CURRENT IMPORT CLIMATE, USDOC IS STRONGLY URGED TO ALERT US COMPANIES PARTICIPATING IN MISSION THAT PRIMARY INTEREST ON PART OF BRAZILIANS WILL BE TO ENCOURAGE US PENETRATION OF MARKET THROUGH ESTABLISHMENT OF JOINT VENTURES OR LICENSING AGREEMENTS, AND EXPORTING OF COMPONENTS WHICH CANNOT BE ECONOMICALLY MANUFACTURED IN BRAZIL. OUR ASSESSMENT OF FIRMS LISTED REF E WILL FOLLOW ASAP. END SUMMARY

1. FOL ARE CURRENT CUSTOMS DUTIES ASSESSED ON MAIN TYPES OF
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POLLUTION CONTROL EQUIPMENT OFFERED BY PROPOSED PARTICIPANTS LISTED

REFTEL: INFO INCLUDES TARIFF ITEM, PRODUCT DESCRIPTION OR DUTY AND DUTY RANGE RESPECTIVELY):

84.18.02 MACHINERY AND APPARATUS FOR FILTERING OR PURIFYING

LIQUIDS AND GASES - 45, 55 OR 75 PC;

73.22 STEEL TANKS, OVER 300 LITERS - 55 PC;

84.11 COMPRESSORS - 30-37 PC

84.10 PUMPS - 55 PC

84.11.09 FANS, EXHAUSTERS AND THE LIKE - 55 PC

84.23.02 SCRAPERS (USED IN WATER CLARIFICATION EQUIP) - 30 PC

84.17.10 HEAT EXCHANGERS (EQUIP MANUFACTURED BY EDWARDS ENGINEERING CORP. WOULD PROBABLY FALL UNDER THIS CATEGORY) - 30-45 PC

76.08 ALUMINUM COVERS (UFC ULTRAFLOTE COVER WOULD PROBABLY FALL UNDER THIS ITEM) - 160 PC.

2. DOMESTIC INDUSTRY IS NOW MEETING FOLLOWING PERCENTAGES OF DEMAND IN THESE CATEGORIES LISTED IN ADELA'S 1974 MARKET SURVEY AS HAVING BEST SALES POTENTIAL IN BRAZIL:

A. CONTROL OF POLLUTION IN AIR AND OTHER GASES

1) ELECTROSTATIC PRECIPITATORS: LOCALLY MANUFACTURED EXCEPT FOR ELECTRICAL CONTROLS AND INSULATORS.

2) SCRUBBERS AND WASHERS: OVER 90 PC OF CONSUMPTION LOCALLY MFGD.

3) FABRIC FILTER: LOCALLY MFGD EXCEPT FABRIC FOR FILTRATION BAGS

4) CATALYTIC EQUIPMENT: NO COMMENT

5) CYCLONES: 100 PC OF CONSUMPTION LOCALLY MANUFACTURED.

6) GAS ABSORPTION AND ABSORPTION EQUIPMENT: 85-95 PC CONSUMPTION LOCALLY MFGD.

B. CONTROL OF POLLUTION IN WATERS AND OTHER FLUIDS:

1) PACKAGED SEWAGE TREATMENT PLANTS: 80-90 PC OF CONSUMPTION LOCALLY MFGD.

2) OIL SPILL CONTROL: 85 PC OF CONSUMPTION LOCALLY MFGD.

3) LIFT STATION: 95 PC OF CONSUMPTION LOCALLY MFGD

4) SLUDGE PROCESSING: 80 PC OF CONSUMPTION LOCALLY MFGD.

5) INCINERATION: 50 PC OF COMPONENTS FOR INCINERATORS MFGD LOCALLY; NICKEL CASTINGS ARE IMPORTED FROM THE US.

6) SOLVENTS RECOVERY: 80-90 PC CONSUMPTION LOCALLY MFGD.

7) PUMPS: 100 PERCENT OF CONSUMPTION LOCALLY MFGD.

8) SEWER CLEANING EQUIPMENT: NO COMMENT

C. INSTRUMENTATION:

1) ANALYSERS, DATA LOGGING AND TELEMETERING EQUIP, CHROMATOGRAPHES, CHLORIMETERS AND COUNTERS ARE ALL IMPORTED BECAUSE MARKET IS UNCLASSIFIED

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RELATIVELY SMALL FOR THIS SPECIALIZED EQUIPMENT.

2) SOME OF SIMPLER MODELS OF LABORATORY EQUIP, SAMPLERS AND RECORDERS ARE MADE LOCALLY, MOST OF THESE ITEMS ARE IMPORTED.

3. SPECIFIC MARKET INFO FOR PROPOSED PARTICIPATING COMPANIES:

A. ENVIRONMENTAL ELEMENTS CORPORATION: AUTOMATIC BACKWASH FILTERS, CLARIFIERS, AND ELECTROSTATIC PRECIPITATORS (EXCEPT FOR SOME COMPONENTS) ARE ALREADY MFGD IN BRAZIL. SOUND SUPPRESSORS ARE NOT

YET PRODUCED HERE. COMPANY MAY WISH CONSIDER PENETRATING MARKET BY ESTABLISHING JOINT VENTURE OR LICENSING AGREEMENTS WITH BRAZILIAN FIRMS.

B. ZURN INDUSTRIES, INC: MECHANICAL COLLECTORS, SCRUBBER SYSTEMS, UP FLOW FILTRATION SYSTEMS, SLUDGE HANDLING SYSTEMS, BAGHOUSES (EXCEPT SOME COMPONENTS) AND WASTEWATER TREATMENT EQUIP ARE MFGD IN BRAZIL. MICROMATIC STRAINING SYSTEMS NOT YET PRODUCED. TRADE SOURCES CONTACTED EXPRESSED THEIR HOPE THAT LARGE AND WELL KNOWN FIRM IN THE FIELD OF POLLUTION CONTROL SUCH AS ZURN WILL DECIDE TO ENTER THE BRAZILIAN MARKET BY ESTABLISHING ITS MANUFACTURING OPERATION (EITHER DIRECTLY OR IN ASSOC WITH A BRAZILIAN FIRM). ONE SOURCE CONTACTED HAS ALREADY EXPRESSED INTEREST IN MANUFACTURING UNDER LICENSE ZURN'S LINE OF MICROMATIC STRAINING SYSTEMS.

C. CUES, INC.: THERE IS NO LOCAL PRODUCTION OF EQUIPMENT SIMILAR

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INFO AMEMBASSY BRASILIA

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TO THE ONE OFFERED BY THIS FIRM. TRAILERS SHOULD BE PURCHASED LOCALLY, IF LOCAL CONTENT FOR EQUIP COULD BE ESTABLISHED CUES MAY HAVE GOOD PROSPECTS FOR SALES TO STATE AND MUNICIPAL SEWAGE AGENCIES.

D. CHEMFIX, INC. OUR SOURCES FOUND CHEMFIX WASTE DISPOSAL PROCESS VERY INTERESTING. THERE IS NO LOCAL MFG OF A SIMILAR PROCESS AND CHEMFIX MAY FIND GOOD MARKET IN BRAZIL. NEVERTHELESS, DEPENDING ON IN DEPTH STUDIES OF MARKET POTENTIAL, CHEMFIX SHOULD CONSIDER SETTING UP AN ANALYSIS LAB IN THE COUNTRY, AND IF POSSIBLE, MANUFACTURE REAGENTS LOCALLY TO ENSURE ADEQUATE SUPPLY. CHEMFIX SHOULD ALSO CONSIDER EQUIPPING THEIR PACKAGED UNITS WITH COMPONENTS AVAILABLE IN BRAZIL (SUCH AS MOTORS, PUMPS, VALVES, ETC)

3. KEENE CORP: WE UNDERSTAND COMPANY WILL BE OFFERING PRODUCTS MANUFACTURED BY THEIR WATER POLLUTION CONTROL DIV. AEROTORS AND CLARIFIERS ARE MANUFACTURED IN BRAZIL. HOWEVER, THERE MAY BE INTEREST IN THEIR MARINE WATER DISCHARGE CONTROL SYSTEM.

F. STERLING SALEM CORP.: THERE ARE POSSIBILITIES FOR DIRECT EXPORTS OF TOPCO'S PNEUMATIC EJECTORS. EXTENDED AERATION SYSTEMS ARE MFGD IN THE COUNTRY. STERLING SALEM MAY WISH CONSIDER MANUFACTURING THEM IN BRAZIL, COMPETING WITH DEGREMONT (FRANCE) AND FMC (USA) EQUIP.

G. EDWARDS ENG. CO.: THERE ARE POSSIBILITIES FOR SALE OF VAPOR RECOVERY UNITS PROVIDED FIXED INVESTMENT COST OF THEIR INSTALLMENT CAN BE RECOVERED WITHIN A REASONABLE PERIOD OF TIME.

H. UFC LTD.: WE UNDERSTAND THAT THE ULTRAFLOTE COVER IS MADE OF ALUMINUM AND THUS WOULD BE ASSESSED AT 160 PC. UFC WILL ALSO HAVE TO FACE COMPETITION FROM OTHER US FIRMS IN BRAZIL. OWING TO RECENT UNCLASSIFIED

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INCREASE IN IMPORT DUTY AND IMPORT DEPOSIT REQUIREMENT, SALES PROSPECTS FOR UFC WILL DEPEND ON SAVINGS THEY PROVIDE USER. DEXTERT

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